

Message Text

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ORIGIN EB-11

INFO OCT-01 EUR-25 ISO-00 TRSE-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-03 H-03 INR-11 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-03 SS-20

STR-08 TAR-02 USIA-15 PRS-01 SP-03 OMB-01 SWF-02

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FM SECSTATE WASHDC

TO AMEMBASSY MADRID PRIORITY

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E.O. 11652: GDS

TAGS: ETRD, SP

SUBJECT: COUNTERVAILING DUTY PROCEEDINGS

REF: MADRID 4903

1. EMBASSY REQUESTED TO CONVEY FOLLOWING TO APPROPRIATE SPANISH OFFICIALS IN RESPONSE TO MFA'S NOTE VERBAL NO. 256/3 CONCERNING COUNTERVAILING DUTY PROCEEDINGS ON SPANISH FOOTWEAR AND BOTTLED OLIVES:

A. TREASURY UNABLE TO EXTEND DEADLINE FOR SUBMISSION OF WRITTEN COMMENTS CONCERNING COUNTERVAILING DUTY PROCEEDINGS ON NON-RUBBER FOOTWEAR AND BOTTLED OLIVES. AS GOS FULLY AWARE, INVESTIGATION OF THESE COMPLAINTS HAS BEEN UNDERWAY FOR MORE THAN ONE YEAR. SINCE THE FORMAL INVESTIGATION BEGAN JUNE 1973, U.S. CUSTOMS' REPRESENTA-

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TIVES HAVE TWICE VISITED SPAIN TO OBTAIN INFORMATION,

U.S. AND SPANISH OFFICIALS HAVE HELD TECHNICAL CONSULTATIONS IN WASHINGTON AND, MOST RECENTLY, A TREASURY TEAM WENT TO MADRID TO EXPLAIN TREASURY'S VIEW THAT A BOUNTY OR GRANT OF 3 PERCENT EXISTS ON SPANISH EXPORTS OF FOOTWEAR AND OLIVES. AS RESULT OF THIS EXTENSIVE INVESTIGATION, TREASURY ALREADY

HAS SUFFICIENT TECHNICAL INFORMATION ON HAND TO MAKE ITS FINAL DETERMINATION IN THIS CASE AND IS PREPARED TO DO SO SHORTLY AFTER EXPIRATION OF THE 30 DAY COMMENT PERIOD. IN VIEW OF THE EXTENDED NATURE OF THE INFORMAL INVESTIGATION, TREASURY HAS NO CHOICE AT THIS TIME OTHER THAN TO ACT EXPEDITIOUSLY ON THE BASIS OF ALL AVAILABLE INFORMATION, INCLUDING THAT WHICH THE GOS ITSELF PROVIDED.

B. THE CONDITIONS WHICH LED TO THE 60 DAY EXTENSION IN THE BRAZILIAN FOOTWEAR CASE DO NOT APPLY IN THIS INSTANCE. UNLIKE THE SPANISH CASE, THERE WAS NO TECHNICAL DIALOGUE BETWEEN THE U.S. AND BRAZIL PRIOR TO ISSUANCE OF THE PROCEEDING NOTICE DUE TO THE POSITION TAKEN BY THE PREVIOUS BRAZILIAN GOVERNMENT. SUBSEQUENTLY, AT THE REQUEST OF THE NEW BRAZILIAN GOVERNMENT, TREASURY AGREED TO EXTEND THE PERIOD FOR SUBMISSION OF WRITTEN COMMENTS TO ALLOW TIME FOR TECHNICAL DISCUSSIONS BETWEEN OFFICIALS OF THE TWO GOVERNMENTS AND TO GIVE THE BRAZILIANS AN OPPORTUNITY TO PROVIDE ADDITIONAL INFORMATION ABOUT THE SUBSIDY PRACTICES ALLEGED IN THE COMPLAINT. IN CONTRAST, AS NOTED IN PARAGRAPH A ABOVE, THE FACT FINDING PHASE OF THE INVESTIGATION AND TECHNICAL CONSULTATIONS BETWEEN USG AND GOS TOOK PLACE WELL IN ADVANCE OF THE PUBLICATION OF A COUNTERVAILING DUTY PROCEEDING NOTICE.

C. USG DOES NOT CONSIDER THAT IT IS DISCRIMINATING AGAINST SPAIN BY NOT EXTENDING THE TIME PERIOD FOR WRITTEN COMMENTS. IN OUR VIEW THE SPANISH GOVERNMENT HAS HAD OVER THE PAST YEAR AMPLE OPPORTUNITY TO PROVIDE ALL NECESSARY INFORMATION AND MAKE ITS VIEWS FULLY KNOWN TO THE TREASURY, AND IT HAS ABLY DONE SO. TREASURY HAS EXTENDED THE 30 DAY PERIOD FOR WRITTEN COMMENTS ONLY IN THOSE CASES WHERE FOREIGN GOVERNMENTS HAVE NOT HAD AN LIMITED OFFICIAL USE

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ADEQUATE OPPORTUNITY TO PROVIDE INFORMATION SUPPORTING THEIR VIEWS.

D. U.S. REGRETS DELAY IN PROVIDING THE WRITTEN SUMMARY OF U.S. VIEWS EXPRESSED AT THE MEETING OF EXPERTS ON JUNE 26-27. HOWEVER, THE TREASURY HAS RECENTLY SENT A LETTER TO THE SUB-DIRECTOR GENERAL OF CUSTOMS IN THE MINISTRY OF FINANCE OUTLINING THE ARGUMENTS MADE

BY THE U.S. DELEGATION AT THAT MEETING. THE U.S. WISHES TO POINT OUT THAT, IN ACCORDANCE WITH THE WRITTEN UNDERSTANDING BETWEEN THE TWO GOVERNMENTS, THE U.S. WAS TO

PROVIDE ONLY A SUMMARY OF VIEWS ACTUALLY EXPRESSED AT THE MEETING AND WAS NOT COMMITTED TO PROVIDE ANYTHING BEYOND WHAT HAD BEEN EXPRESSED AT THAT TIME.

E. REQUEST BY THE GOS FOR A CONVOCATION OF THE JOINT ECONOMIC COMMITTEE WILL RECEIVE CAREFUL STUDY AND CONSIDERATION WITHIN THE USG. DEPARTMENT AGREES WITH EMBASSY'S POSITION THAT MEETING SHOULD BE POSTPONED SEVERAL MONTHS AND OUR REASONS ARE BEING FORMULATED IN SEPARATE MESSAGE FOR TRANSMITTAL TO GOS.

2. FOR EMBASSY'S INFORMATION, U.S. COUNTERVAILING DUTY PROCEEDINGS DO NOT CALL FOR A HEARING AS SUGGESTED IN PARAGRAPH 4A OF REFTEL. 30-DAY PERIOD FOLLOWING PUBLICATION OF PROCEEDING NOTICE IS FOR SUBMISSION OF WRITTEN REPEAT WRITTEN VIEWS BY INTERESTED PARTIES. THERE IS NO

NECESSITY NOR REQUIREMENT FOR THE GOS TO RESPOND AT ANY HEARING NOR, FOR THAT MATTER, TO SUBMIT WRITTEN COMMENTS ABOUT THE CASE, UNLESS IT DESIRES TO DO SO. KISSINGER

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